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10/627,626	07/28/2003	Steven M.H. Wallman	10392/460043	4309

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EXAMINER

GREENE, DANIEL LAWSON

ART UNIT	PAPER NUMBER
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3694

MAIL DATE	DELIVERY MODE
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06/07/2010

PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary	Application No. 10/627,626	Applicant(s) WALLMAN, STEVEN M.H.	
	Examiner DANIEL L. GREENE JR.	Art Unit 3694	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 12 February 2010.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1 and 2 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1 and 2 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|-------------------------------------------------------------------------------------|-------------------------------------------------------------------|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413) |
| 2) <input type="checkbox"/> Notice of Draftperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____ |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____ |

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DETAILED ACTION

1. Applicant's 2/12/2010 response to the previous Office action mailed 11/12/2009 has been considered and entered. Claims 1 and 2 are pending and have been examined on the merits as set forth below.

Response to Arguments

2. **Applicant's arguments filed 2/12/2010 have been fully considered but they are not persuasive.**

Applicant argues on page 4:

"Claim 1 recites that the market tradable instruments are directly owned by the user, which is contrary to a mutual fund share, where the underlying assets of the mutual fund are not directly owned by the shareholder. This direct ownership provides, e.g., the aforementioned tax advantages and voting rights absent from mutual fund ownership.

The Examiner states as well that "when a user purchases a share of the mutual fund, then it becomes directly owned by the investor and is obviously market tradable because that's how the fund was able to be purchased in the first place." However, the underlying assets of the fund are not directly owned by the investor, and thus the investor merely owns a single asset - a mutual fund share, which is actually not market tradable since these funds may only be purchased from or sold to the fund itself, at a price determined by the fund, and cannot be purchased or sold on a market.

The Examiner further states that "one would be motivated to combine repetitive tasks into one task for the purpose of saving time, ease or processing, etc." Yet, the present invention does not combine repetitive tasks but rather performs a plurality of distinctly different tasks - trading individual market tradable assets at a quantity determined by the processor to achieve certain user specified objectives. Each individual trade comprises a unique task"

Response:

As explained in, for example, sections 3 and 4 the previous Office action mailed 4/2/2009,

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“Maggioncalda et al. clearly sets forth in, for example, Figures 4-5 a risk-return pointer, as well as various assets, see for example Figure 5a. Col. 10 lines 20-30 disclose, for example, various financial products. It is considered that the products listed therein can be understood to read on a "portfolio" in that a fund or index is actually based on a portfolio of assets. Accordingly, trading one share of these mutual funds is the same as trading a portfolio.

Further, as set forth in said previous Office action, it is the Examiners position that the act of trading an entire portfolio would logically flow from trading individual stocks within a single portfolio. This is evident in the fact that the end result of either method is the same, i.e. a rebalanced portfolio at the desired risk level. Again, per case law and logical reasoning, one would be motivated to combine repetitive tasks into one task for the purpose of saving time, ease or processing, etc.”

The following case law citations are pertinent to show that the references of record, e.g. Maggioncalda et al., etc., can be relied upon for what they reasonably confer to one of ordinary skill in the art which the Examiner asserts one of ordinary skill would consider obvious in light of the prior art references of record..

In re Shepard, 138 USPQ 148 (CCPA 1963)

“In considering disclosure of reference patent, it is pertinent to point out not only specific teachings of patent but also the reasonable inferences which one skilled in the art would logically draw therefrom.”

In re Fout, 213 USPQ 532 (CCPA 1982), ***In re Siebentritt***, 152 USPQ 618 (CCPA 1967)

“Express suggestion to substitute one equivalent technique for another need not be present to render such substitution obvious”

In re Bozek, 163 USPQ 545 (CCPA 1969)

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“Reference disclosure must be evaluated for all that it fairly suggests and not only for what is indicated as preferred”

In re Gurley, 31 USPQ2d 1130 (Fed. Cir. 1994)

“[A] reference will teach away if it suggests that the line of development flowing from the reference's disclosures is unlikely to be productive of the result sought by the applicant”

Here again, Maggioncalda et al. clearly discloses using a risk-return pointer and selecting a desired risk level and then performing the appropriate functions to effectuate the transactions required to satisfy the users selection. Trading one share of a mutual fund is akin to trading a portfolio containing each of the underlying securities of the fund.

The limitations “market tradable...to be directly owned by an investor” are not considered as defining over the art of record because, for example, when a user purchases a share of the mutual fund, then it becomes directly owned by the investor and is obviously market tradable because that’s how the fund was able to be purchased in the first place.

Another way to look at this is that a Mutual Fund (MF) can be considered a portfolio in that it contains multiple underlying financial products connoting value. Similarly the value of a portfolio is also made from its constituent financial products. Ergo the teachings of MFs are pertinent to Portfolios in that both values are determined by the underlying financial products they contain and changing these products fundamentally changes the MF and portfolio

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respectively. That is, the teachings and knowledge surrounding MFs are also pertinent to Portfolios.

3. The text of those sections of Title 35, U.S. Code not included in this action can be found in a prior Office action.

Claim Rejections - 35 USC § 103

4. Claims 1 and 2 are rejected under 35 U.S.C. 103(a) as being unpatentable over U.S. Patent 5,918,217 to Maggioncalda et al. (Maggioncalda) in view of either case law or U.S. Patent 6,393,409 to Young et al. (Young).

Regarding claim 1, Maggioncalda clearly discloses a computer implemented method for creating a portfolio (Fig. 4, Item 430) of market tradable investments to be directly owned by an investor comprising the steps of:

providing a graphical user interface (Fig. 4, Fig. 13) to enable the investor to select, using a computer, a portfolio of market tradable investments, said portfolio including a plurality of different market tradable investments (Fig. 4, item 430) to be directly owned by the investor from a plurality of potential investment options;

providing a graphical user interface to enable the investor to adjust, using a computer, a desired risk-return characteristic of said selected portfolio by adjusting a risk-return pointer (Fig. 4, Fig. 5 item 505) via the graphical user interface

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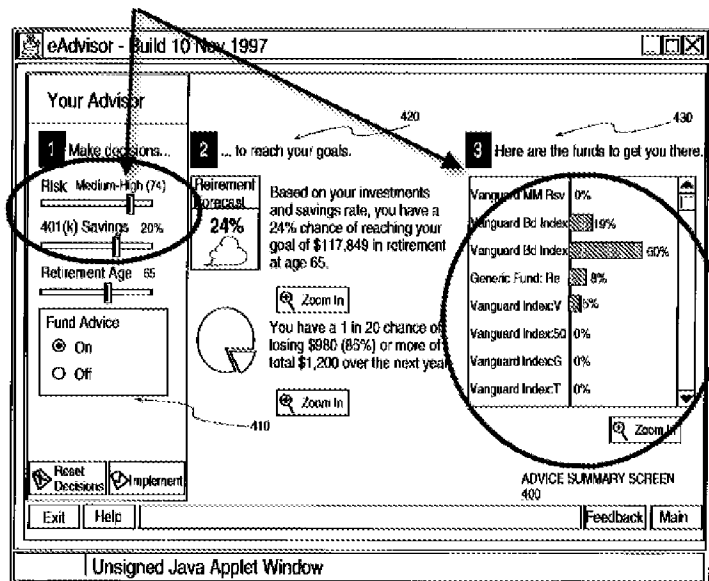


Fig. 4

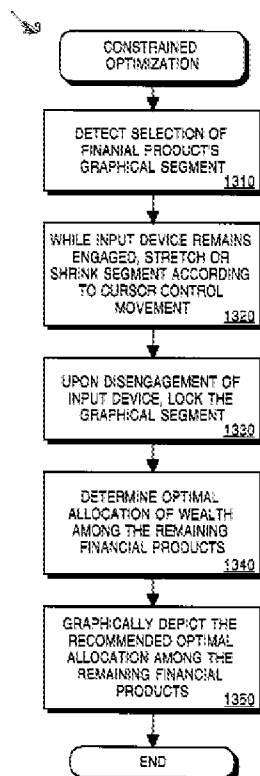


Fig. 13

Maggioncalda does not appear to expressly disclose providing a graphical user interface to enable the investor to transmit over a computer network a single trading order

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to purchase an entire risk adjusted portfolio including a plurality of selected market tradable investments to be directly owned by the investor;

receiving by a portfolio trading system over the computer network the single trading order from the investor; and

converting automatically by the portfolio trading system the single trading order into a plurality of trading orders to trade each of the plurality of selected market tradable investments in a market for each of the plurality of selected market tradable investments.

Young teaches enabling the investor to transmit over a computer network a single trading order to purchase an entire risk adjusted portfolio including a plurality of selected market tradable investments to be directly owned by the investor;

receiving by a portfolio trading system over the computer network the single trading order from the investor; and

converting automatically by the portfolio trading system the single trading order into a plurality of trading orders to trade each of the plurality of selected market tradable investments in a market for each of the plurality of selected market tradable investments

in, for example, Claim 1, Figures 2-4, Col. 1, lines 10-45 reproduced immediately below.

“It is well known that computer technology can be effectively employed for financial applications. It is also known to employ computers that execute optimization programs, such as programs based on liner programming techniques, so as to achieve financial goals. For example, computer technology that analyzes and optimizes a portfolio held by a given entity is known. Computer systems have also been employed as an intermediary in transactions where multiple parties desire to trade specific equity instruments. In such computer applications, optimization may be employed to facilitate trading of an equity of interest. However, the inventors are not aware of computer technology developed for trading holdings of multiple participants, where a computer

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acting as an intermediary processes entire portfolios of the participating entities and generates trades that optimize portfolios for a desired result, particularly for portfolios of fixed income instruments.

(5) Portfolio-based trading, for example, exists in the equities market, where investors may buy or sell a portfolio of stocks on an aggregate basis.

The investor provides a statistical description of the portfolio, usually including how closely it tracks the S&P 500 index, the sector distribution of the portfolio, and a measure of the diversification of the portfolio. The broker then commits to trade the portfolio of unknown stocks for a fixed fee at the prevailing market price at a pre-arranged point in time, typically the market daily close. Because the broker only knows the "statistical" composition of the portfolio, the investor feels more comfortable that the broker is unable to affect the closing prices. Because of the statistical relationship between the portfolio and the index, the broker feels comfortable that the investor cannot unload a portfolio of unattractive securities. An important component of such a transaction is the independent price of equities contributed by the public transaction records of the equity markets. “ (Emphasis

added)

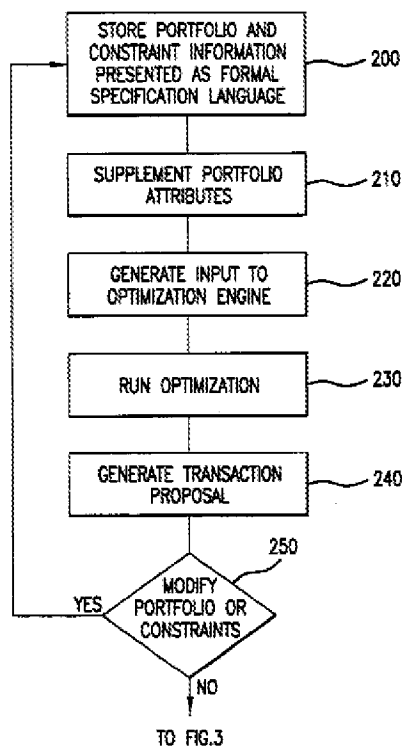
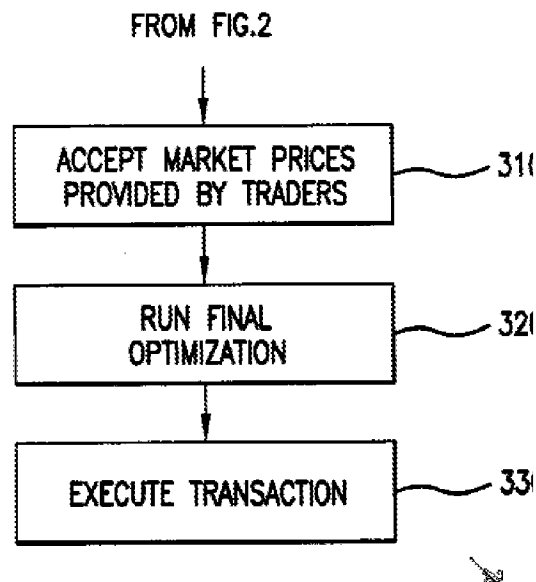


FIG. 2

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At the time of the invention it would have been obvious to one of ordinary skill in the art to combine the teachings of Young with regard to trading entire portfolios with the system set forth in Maggioncalda. One would have been motivated to modify Maggioncalda by Young for at least the purpose of allowing Maggioncalda have increased functionality and to optimize portfolios.

Regarding claim 2 and the limitation further comprising: determining automatically by the computer a weighting of a plurality of instruments in the portfolio to accommodate said adjusted risk-return characteristic see, for example, Maggioncalda, Col. 11, lines 15-30, especially the portion reproduced immediately below.

“The Market Portfolio is the portfolio consisting of a value-weighted investment in all available assets.”

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Conclusion

5. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure.

- a. Strategic Decisions Conference discusses portfolio selection techniques.
- b. Markowitz discusses various methods of portfolio generation and selection of constituent products.

6. **THIS ACTION IS MADE FINAL.** Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the mailing date of this final action.

7. Any inquiry concerning this communication or earlier communications from the examiner should be directed to DANIEL L. GREENE JR. whose telephone number is (571)272-6876. The examiner can normally be reached on Mon-Thur.

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If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James P. Trammell can be reached on (571) 272-6712. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

8. Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/D. L. G./

Examiner, Art Unit 3694

2010-06-05

/Ella Colbert/

Primary Examiner, Art Unit 3694